

*Representative*

# AL O'BRIEN



1st Legislative District



Spring 1997

Dear Friends and Neighbors,

There is a lot of talk about taxes and budgets in Olympia. One thing people have been telling me is that they wish someone would explain to them exactly what all the different tax talk means.

This newsletter is devoted to explaining to you what some of the budget and tax talk is all about — in a way that you and I can understand it.

I'm glad to be back home from Olympia. Now that I have returned, I encourage you to call me at my home. Please give me a call if you have a problem with government and need help, or have a question, or just want to talk. You can also call my Olympia office and leave a message for me with a staff person there. The Legislative toll-free hotline is also open Monday through Friday from 8:30 am to noon and from 1:00 PM to 4:30 PM.

I look forward to working with you and sharing your concerns.

Sincerely,

**REP. AL O'BRIEN**

**(206) 771-2141**

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# TAX TALK

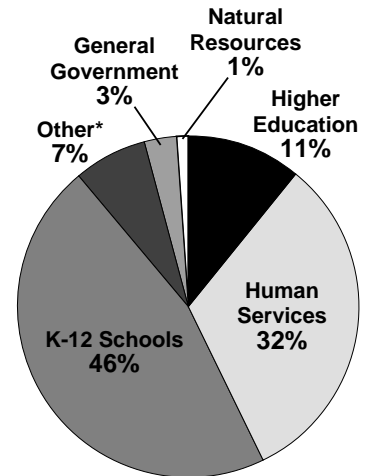
The General Fund is the state's main budget —  
*Where does it go?*

The chart to the right shows how money in the state's main budget — the General Fund — is distributed. The Legislature prepares budgets for a two-year spending period called a biennium. This chart is for the current biennium, which began on July 1, 1995 and ends on June 30, 1997.

Almost 60 percent of the state General Fund is spent on education. This includes the state's share of funding for public schools (K-12), and higher education — which includes four-year colleges and universities, and two-year community and technical colleges.

## How the 1995-97 state General Fund is being spent

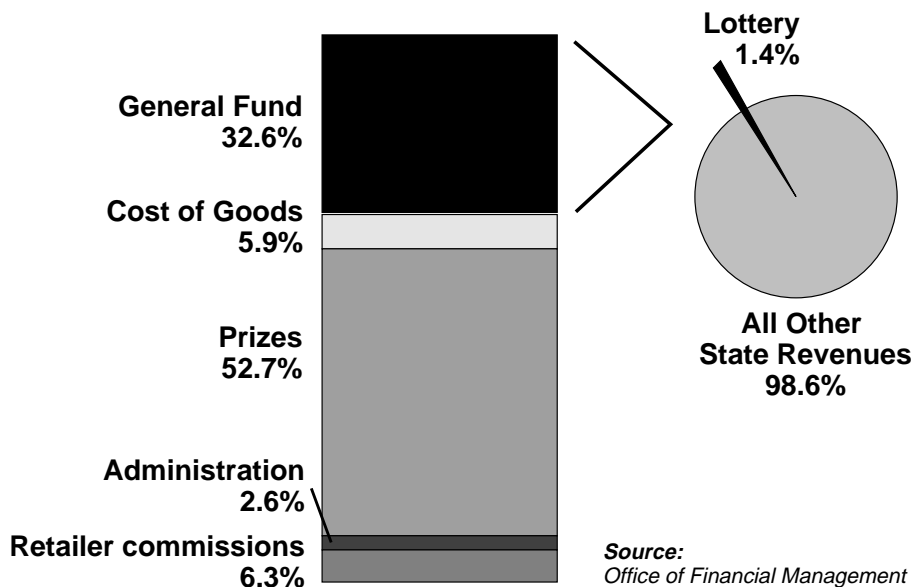
**Source:**  
Office of Financial Management



K-12 Schools:	<b>\$8.31 billion</b>
Higher Education:	<b>\$1.96 billion</b>
Human Services:	<b>\$5.45 billion</b>
Other*:	<b>\$1.14 billion</b>
General Government:	<b>\$519 million</b>
Natural Resources:	<b>\$212 million</b>
<b>TOTAL</b>	<b>\$17.61 billion</b>

\* "Other" includes debt service, pensions, other education, transportation and special appropriations.

## Washington State Lottery Lottery Expenditures 1993-1995 Biennium



**Source:**  
Office of Financial Management

## Where does the Lottery money go?

One of the most frequently asked questions is "Why aren't we using the lottery money to pay for education?"

When the lottery was started, there was a discussion about using the profits just for education. This was not done. But, it led to the general misconception that

lottery money goes directly to pay for the state's schools. In fact, all profits from the lottery go into the state's General Fund, and 60 percent of the General Fund goes to pay for education, as shown in the chart above.

Here is what happens to the lottery money. Note that the lottery profits amount to only 1.4 percent to the total state budget.

You can see that 32.6 percent of the lottery money goes into the General Fund. The balance (67.4 percent) pays for prizes, retailer commissions, and administration.

## Where does the gas tax go?

The 18<sup>th</sup> Amendment to the Washington State Constitution requires that motor fuel (gas) tax money goes to “highway purposes.” Money raised by the gas tax is distributed in various ways, as shown in the pie chart. The “state” share — about half the total money — pays for the Washington State Department of Transportation (WSDOT) highway programs, plus “highway purposes” for a number of other state agencies.

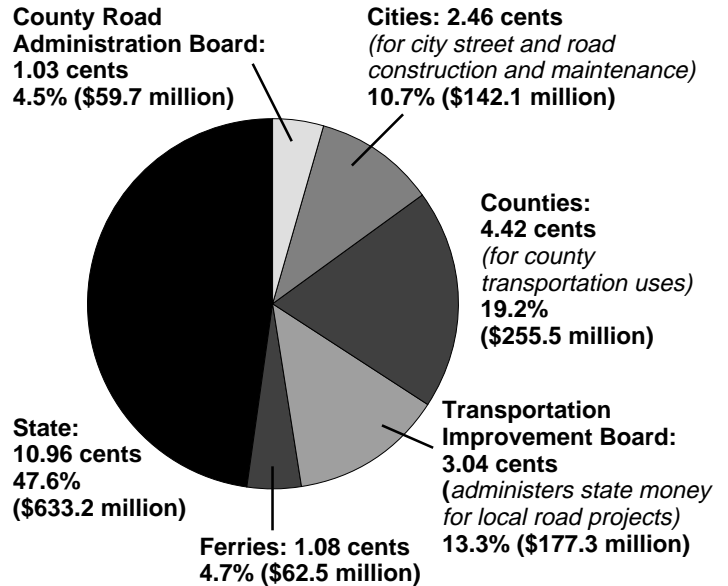
WSDOT activities that are paid for include highway construction, maintenance, administration, and interest payments on highway construction bonds.

A nearly equal amount goes to city, county and other agency roadway programs. The remainder pays for ferry operations and capital improvements. The ferry system is considered a “highway purpose” under the 18<sup>th</sup> Amendment.

**In the current biennium, each penny of gas tax at the pump provides about \$57.8 million for highway purposes.**

### Gas Tax Distribution 1995-97 Biennium

*Source: Washington State  
Department of Transportation*



Fuel Tax = 23.00 cents per gallon

1995-97 Biennium Total Revenue = \$1.33 billion



Stay in touch!  
771-2141

I'm working  
for you.

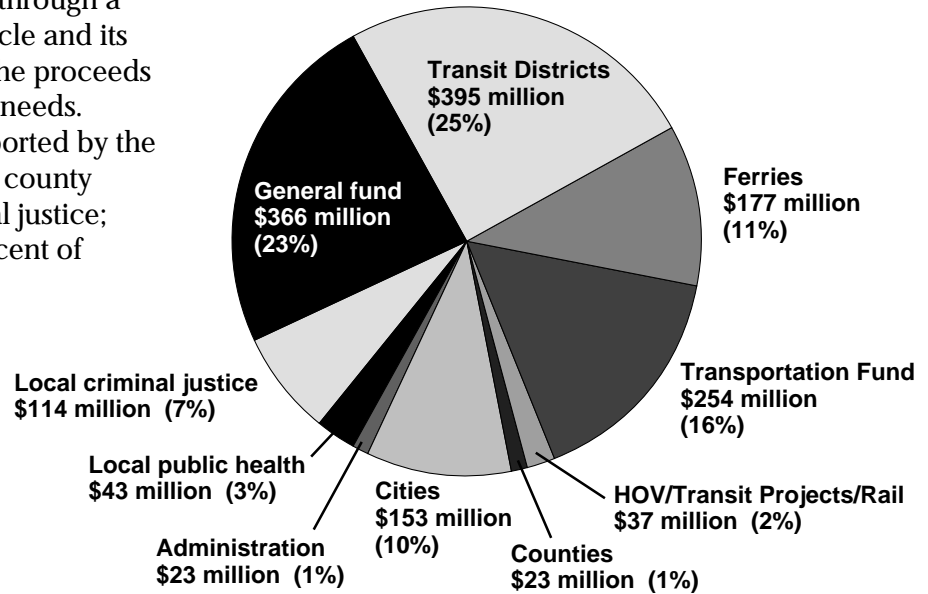
## Where does the Motor Vehicle Excise Tax (MVET) go?

The MVET was established in 1937 as a tax on personal property. The tax is figured through a formula based on the age of the vehicle and its value when last sold. About half of the proceeds are now used to meet transportation needs. Some other public uses that are supported by the MVET include general state, city and county government; city and county criminal justice; and public health. Twenty-three percent of MVET goes to the General Fund.

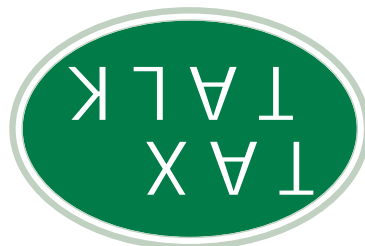
### MVET DISTRIBUTIONS

1997-99 Biennium

Total distributions: \$1.59 billion



**Source:** Washington State  
Department of Transportation



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